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SUBJECT: GOI RAISES PROFILE OF ANTI-CORRUPTION EFFORTS

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SUMMARY

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**¶11.** (SBU) In recent days, statements and actions by the Prime Minister, parliamentarians, and others have pointed up the GOI's heightened concern over corruption -- but there is also recognition that the GOI has a ways to go in establishing a strong anti-corruption regime. END SUMMARY.

PRIME MINISTER'S STATEMENT: CORRUPTION AS "WHITE TERRORISM"

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**¶12.** (U) In a February 18 press statement, PM Nuri Al-Maliki stressed the GOI's determination to conduct a "war" against corruption, describing it as "white terrorism." He asserted that no mercy would be shown those stealing government funds, saying they were no different from terrorists in terms of the seriousness of their crimes against the public.

MAJOR CORRUPTION SCHEME THWARTED

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3.(U) A spokesman for the Council of Representatives' (COR) Complaints Committee told the media February 17 that the Committee had thwarted a major corruption scheme at the Municipalities and Public Works Ministry. The spokesman said the scheme involved Ministry officials issuing false contracts valued at \$126 million. He added that the COR Complaints Committee had acted in cooperation with the concerned Minister, who had established a committee composed of the Ministry's Inspector General and other senior officials to investigate the scheme. The spokesman reported the arrest and sacking of various officials implicated in the scheme.

RECOVERY OF FUNDS BY MINISTRY

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**¶14.** (U) The Labor and Social Affairs Ministry announced February 15 that it had recovered 1.75 billion dinars (approx. \$1.5 million) distributed to ineligible persons under the anti-poverty social welfare program (Social Protection Network program) run by the Ministry. According to the Ministry's statement, 80,000 current and retired Ministry employees had wrongfully obtained these funds. (NOTE: This program, established in 2005, has long been plagued by allegations of abuses by Ministry employees. As reported in reftel, in December 2008 the Ministry's Inspector General claimed in a press statement that 70 percent of the funds allocated to the program were siphoned off by corrupt employees and others. END NOTE) A source at the Ministry corroborated the reported recovery of funds, but indicated that there were no plans to sanction those implicated in the wrongdoing.

CALL FOR INVESTIGATION OF CORRUPTION IN PROVINCIAL COUNCILS

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**¶5.** (U) The chairman of the COR's Legal Committee, in a recent press statement, called for the investigation of possible corrupt practices at the provincial level. He stated that, following the January 31 Provincial Council elections, allegations of corruption by outgoing Council members needed to be examined. The media suggested possible implication of provincial officials in alleged corruption schemes involving U.S. military officials and others currently being investigated by U.S. authorities in connection with U.S.-funded reconstruction projects in Iraq.

COMMENT

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**¶6.** (SBU) The recent spate of GOI statements and actions against corruption are welcome signs of officials' heightened concern over the seriousness of this problem. However, the GOI also recognizes that it has far to go in establishing a strong anti-corruption regime and ensuring that those guilty of abuses are brought to account -- as evidenced by the failure, according to our source, to impose sanctions on those implicated in the siphoning off of funds from the Labor Qthose implicated in the siphoning off of funds from the Labor and Social Affairs' social welfare fund. END COMMENT.

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